

Message Text

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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-09 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 SAL-01 OMB-01 AGR-20 SS-14

NSC-10 PA-03 PRS-01 USIA-12 RSR-01 /163 W

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R 131810 Z MAR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 4866

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

OECD PARIS UNN

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PASS AGRICULTURE

E. O. 11652: N. A.

TAGS: EAGR ETRD EEC

SUBJECT: MARCH 12 EC COUNCIL OF MINISTER (AGRICULTURAL)

MEETING

REF: (A) EC A-86; (B) EC BRUSSELS 1324

1. SUMMARY. THE EC COUNCIL OF MINISTERS (AGRICULTURAL) MET
IN A FOUR- HOUR SESSION ON MARCH 12. IT AGREED IN PRINCIPLE
ON A REGULATION IMPLEMENTING ARTICLE 54 OF THE ACCESSION
TREATY WHICH AUTHORIZES THE U. K. TO CONTINUE, FOR AN
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UNSPECIFIED PERIOD, DEFICIENCY PAYMENTS FOR AGRICULTURAL PRODUCTS. THE COUNCIL ALSO HAS AN EXCHANGE OF VIEWS ON THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS FOR AGRICULTURAL PRODUCTS. END SUMMARY.

2. THE COUNCIL MEETING WAS HELD AT THE INSISTENCE OF THE FRENCH WHO WERE ANXIOUS TO HAVE THE BRITISH DEFICIENCY PAYMENTS PHASED OUT AS SOON AS POSSIBLE SO AS TO MINIMIZE THE EFFECTS OF THESE PAYMENTS ON THE COMPETITIVE POSITION OF FRENCH AGRICULTURAL EXPORTS TO THE U. K. THE FINAL RESULT OF THE MEETING, HOWEVER, APPEARS TO BE MORE SATISFACTORY TO THE BRITISH THAN TO THE FRENCH. SUBJECT TO CONFIRMATION, WE UNDERSTAND THAT THE REGULATION AGREED UPON IN PRINCIPLE FOR THE TERMINATION OF THE BRITISH DEFICIENCY PAYMENTS PROVIDES THAT THESE PAYMENTS GENERALLY WILL BE PHASED OUT OVER THE FIVE- YEAR TRANSITIONAL PERIOD. ONE EXCEPTION IS SUGAR BEETS FOR WHICH DEFICIENCY PAYMENTS WILL BE TERMINATED IN 1974.

3. ALTHOUGH THE BRITISH DEFICIENCY PAYMENTS SUPPOSEDLY WERE THE MAIN ITEM ON THE AGENDA, IT WAS APPARENT SOON AFTER THE MEETING BEGAN THAT THE RECENT DEVELOPMENTS IN THE MONETARY SECTOR WERE OF GREAT CONCERN TO THE COUNCIL AND THAT THE MINISTERS WERE EAGER TO HAVE A PRELIMINARY EXCHANGE OF VIEWS ON THE POSSIBLE EFFECTS OF THE MONETARY DEVELOPMENTS UPON THE CAP.

4. CHIRAC, THE FRENCH MINISTER OF AGRICULTURE, POINTED OUT THAT THE PRESENT SYSTEM OF MONETARY COMPENSATORY AMOUNTS IN THE AGRICULTURAL SECTOR WAS NOT WORKING WELL. HE SUGGESTED, WITHOUT GOING INTO DETAILS, THAT THE SYSTEM (REF A) BE BOTH IMPROVED AND SIMPLIFIED. ERTL RESPONDED THAT THE SYSTEM WAS WORKING MODERATELY WELL EXCEPT IN THREE SECTORS - POULTRY, EGGS, AND FRUITS AND VEGETABLES. HE SUGGESTED THAT MONETARY COMPENSATORY AMOUNTS BE FIXED FOR BOTH FRESH AND PROCESSED FRUITS AND VEGETABLES (NONE ARE FIXED AT PRESENT) AND THAT THE AMOUNTS FOR POULTRY AND EGGS BE BASED ON THE TOTAL VALUE OF THE PRODUCTS RATHER THAN ON THE VALUE OF THEIR GRAIN CONTENT.

5. ON THE COMMISSION SIDE, LARDINOIS REPORTEDLY EXPRESSED DISAPPOINTMENT OVER THE RECENT EC MONETARY AGREEMENT. HE SAID THE SITUATION HAS NOW REACHED A STAGE WHERE THE COMMISSION SIMPLY IS NO LONGER TECHNICALLY CAPABLE OF CONTINUALLY ADJUSTING THE CAP TO THE MONETARY DEVELOPMENTS. PROPOSALS
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ARE BEING DRAFTED WITHIN THE COMMISSION, HE STATED, TO

SIMPLIFY THE SYSTEM OF COMPENSATORY ACCOUNTS. HOWEVER, THESE PLANS NOW WILL HAVE TO BE MODIFIED TO TAKE INTO ACCOUNT THE "COMMON" FLOAT OF SIX OF THE EC CURRENCIES (SEE REF B).

6. IN ADDITION TO DISCUSSION U. K. DEFICIENCY PAYMENTS AND THE MONETARY SITUATION, THE COUNCIL (A) ADOPTED A RE
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